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TREASURY FOR ADAM BARCAN

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SUBJECT: Ghana's New Central Bank Governor

¶1. (SBU) Summary: Kwesi Bekoe Amissah-Arthur on October 1, 2009 assumed office as the Governor of the Bank of Ghana (BOG) for a four-year term. He took over from Paul Acquah who completed his two four-year terms on September 30, 2009. Amissah-Arthur's appointment is primarily political although he has several years of relevant experience. Some analysts fear he will be too cozy with government because of his closeness with government which may affect the Bank's leadership and independence. End Summary.

¶2. (U) Amissah-Arthur, 58, holds a Masters in Economics from the University of Ghana and taught at the same university and in Nigeria for over eight years before he joined the Rawlings' Provisional National Defense Council government as the Deputy Secretary of Finance from 1986 to 1993. He continued to work under Rawlings' National Democratic Congress (NDC) government as Deputy Minister of Finance until 1997. He then worked as an economic consultant for USAID contractor Sigma One and the World Bank.

A Political Choice

¶3. (SBU) According to media reports, residents of the Central Region, President Mills' home region, hailed the appointment since he is the first BOG Governor from the region. His is one of the highest profile appointments from the region considered one of the swing regions that led the NDC to victory in 2008.

¶4. (SBU) Amissah-Arthur comes on board as a monetary policy handler with a rich understanding of fiscal issues, while his counterpart responsible for fiscal issues, Finance Minister Dr. Kwabena Duffuor was a former central bank governor whom he worked with when Duffuor was a deputy governor. The new governor also worked closely with President Mills, when the President was the head of the Internal Revenue Service. Comment: This closeness to government causes some financial industry players discomfort. They generally agree he is a smart economist, but they are still not certain if he can maintain the bank's independence, especially at a time when there are many calls for Ghana to exert strong leadership to restore macroeconomic stability. End Comment.

¶5. (U) The new governor indicated that he has no immediate plans to introduce any radical changes in the existing monetary policy direction and also gave assurance that he will consolidate the bank's independence. He has stated he will aggressively reduce inflation from about 19 percent to single digits in 2010 and interest rates from about 30 percent to the barest minimum.

¶6. (SBU) Comment: Although the new governor is seen as a political partisan, his extensive experience with working with the IFIs under Ghana's Economic Recovery Program in the 1980s gives some assurance that the central bank will maintain its tradition of cooperation with the IFIs. End Comment.

TEITELBAUM